



PENSION PLAN FOR THE UNIVERSITY OF WATERLOO FACULTY AND STAFF

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UNIVERSITY OF
WATERLOO

Human
Resources

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Introduction

This booklet describes what you are entitled to as a member of the University of Waterloo Pension Plan for Faculty and Staff ("pension plan"), as well as your rights and obligations under the pension plan. It includes basic information about the Canada Pension Plan and the Old Age Security Plan, and how your UW pension plan plays an important role in your financial security in retirement.

The UW pension plan is a single employer defined benefit pension plan that provides retirement income for your life. The pension is determined based on your final average earnings and years of credited service in the UW pension plan and includes inflation protection once your pension is in pay.

Your UW pension is not based on the contributions made by you and the University, which means the pension you will receive when you retire is not reduced by poor market performance over the years. The University must contribute the difference between the cost of your pension and the portion that is funded by your employee contributions plus the pension fund investment returns.

Overall design, modification and administration of the pension plan are the responsibility of the Pension and Benefits Committee ("Committee"). Since its inception, the pension plan has changed several times mainly due to legislative and design changes. Suggestions concerning pension and benefits are welcomed and can be made through Committee members.

The Pension Administration Team

The Pension Administration Team within Human Resources is responsible for the day-to-day administration of the pension plan. Their goal is to provide trusted support, targeted education, and personalized consultation to ensure you make informed decisions about your pension. The Team's role is to care for your pension during your working life at the University and beyond, and to provide **one-on-one meetings** with plan members. Please direct questions to pensions@uwaterloo.ca.

"We see you through retirement!"

Your Rights

As an employee who is eligible to become a member of the pension plan, you are entitled to receive a booklet that explains the provisions of the pension plan and the rights and obligations you have as a plan member. This is the booklet! Your UW pension is an important component of your total compensation package. Please review this booklet to develop a good understanding of the UW pension plan.

Once you have become a member, you are entitled to receive an annual pension statement by June 30th each year, which outlines the amount of pension you have accrued to the end of the preceding year and summarizes pertinent details of the plan.

When you terminate employment or retire, you will be provided a pension benefit statement that outlines your pension entitlements and payment options. It explains what you are required to do and provides the time frame you *must* return completed documentation to UW, and the consequences if *all* documentation is not submitted to HR by the deadline communicated to you.

All members have the right to request access to plan documents (all versions of the plan text and amendments, documents filed to support the application for plan registration and amendments, documents that delegate the administration of the pension plan or pension fund, statement of investment policies and procedures), all required filings with the Financial Services Regulatory Authority (FSRA), and correspondence within the last 5 years between FSRA, UW and UW's service providers. Contact the pension team to request access to any of this information.

Your Responsibilities

Being a member of the plan also means you have obligations. These include:

- informing us of any changes to your name, spousal status, contact information, including your mailing address, telephone number and personal email address,
- designating a primary beneficiary or beneficiaries, and if desired contingent beneficiary or beneficiaries,
- changing your beneficiary designation(s) when necessary,
- completing a spousal waiver form when necessary, and
- completing your benefit statement election form within the required time frame.

You are responsible to enter any updates regarding the above information on Workday and can contact hrhelp@uwaterloo.ca for assistance, however spousal waiver forms should be obtained from pensions@uwaterloo.ca.

Joining the UW Pension Plan

If on your date of hire you are under the age of 35 **and** you meet the eligibility criteria set out in the table below, you **may** join the pension plan on your date of hire if it is the first calendar day of the month, or on the first calendar day of any subsequent month leading up to when participation in the plan is mandatory. If you do not join the plan when you are first eligible, a waiver of membership must be selected when prompted on Workday. You can elect to join the pension plan on the first of any subsequent month, and you **must** join the plan on January 1st following or coincident with your 35th birthday. You will not be allowed to purchase service back to when you were first eligible to join if you chose to waive membership at that time.

If you are full time (i.e. 100% FTE¹) or part time with at least 1/3 annual commitment (i.e. 33% FTE) **AND**

Faculty	<ul style="list-style-type: none"> • Permanent ongoing position, or • An appointment or series of consecutive appointments greater than ONE year
Definite term lecturer, Definite term assistant professor - teaching stream and Clinical assistant professor - teaching stream	<p>Meet Faculty eligibility above pertaining to appointment duration and FTE, AND</p> <ul style="list-style-type: none"> • Eligible to join the plan on the first day of any month coincident with or following date of hire • Must join the plan on the 1st day of the month following the completion of 5 continuous years of employment or when promoted to higher rank of faculty appointment, including continuing lecturer, if over 35 (if under 35, follows Faculty eligibility)
Staff	<ul style="list-style-type: none"> • Permanent ongoing position, or • A contract or series of consecutive contracts greater than TWO years

If your FTE or annual commitment is less than 33%, or you are a casual employee (i.e. you are employed on an intermittent or continuing basis but do not have regularly scheduled hours of work), you will be eligible to join the plan following two consecutive calendar years in which you have worked at least 700 hours **OR** earned at least 35% of the Year's Maximum Pensionable Earnings (YMPE), in each year.

The YMPE is defined under the Canada Pension Plan (CPP); it is the earnings ceiling for CPP required contributions. In 2024, the YMPE is \$68,500, and employee and the employer CPP contribution rates are 5.95% of earnings between \$3,500 and the YMPE. Additional CPP contributions (referred to as CPP2) are being introduced in 2024, for workers who earn wages higher than the YMPE. CPP2 contributions of 4% will be deducted on earnings above the YMPE, up to a second earnings ceiling, referred to Year's Additional Maximum Pensionable Earnings, or YAMPE. The YAMPE for 2024 is \$73,200.

Once you have joined the pension plan you must remain a member of the plan and cannot suspend paying contributions until your employment ends.

To join the plan all you need to do is complete the pension enrolment benefit event in Workday. If you have any questions about your eligibility to join the plan, contact pensions@uwaterloo.ca. If you have any questions about how to enroll in Workday, contact hrhelp@uwaterloo.ca.

¹ FTE: Full time equivalent. 100% FTE equates to full-time commitment.

Transfers to the UW Pension Plan

If you are eligible and elect to join the UW pension plan when you are first hired, it may be possible to transfer pension money accrued under a Canadian registered pension plan provided by the employer you left immediately prior to being hired by UW or one of the colleges.

Your application for transfer must be submitted to the Pension Administration Team within the later of:

- a. six (6) months of being employed by UW or one of the colleges, and
- b. six (6) months of being first permitted to transfer the pension funds pursuant to the terms of your previous employer's plan and any applicable legislation.

If you meet the required criteria, the Pension Administration Team will determine the credited service that can be purchased under the UW pension plan with the pension money available for transfer. For more information on the transfer option and what information you will be required to provide, please contact pensions@uwaterloo.ca or extension 42785.

Beneficiary Designations

Once you have joined the pension plan, if you die while actively employed at UW, **the pension plan provides a death benefit payable to your spouse**. If you want to designate someone to be paid the death benefit in addition to or in place of your spouse, you must complete a pre-retirement waiver form, signed by both you and your spouse and sent to the attention of the Pension Administration Team in EC1.

Under the pension plan, a **spouse** is defined as a person to whom you are:

1. Legally married, provided you and your spouse are not living separate and apart; or
2. Not legally married, but you and that person are cohabiting continuously in a conjugal relationship for at least three years; or
3. Not legally married, but you and that person are cohabiting in a conjugal relationship of some permanence and are jointly the natural or adoptive parents of a child, both as defined in the *Family Law Act, 1986* (Ontario).

If you designate a minor (children under 18) as your beneficiary, you must also designate a trustee. **Do not code Trust on Workday**; please contact hrhelp@uwaterloo.ca or extension 45935 for Workday assistance if you need to designate a Trustee for a minor beneficiary designation. Once you have designated your beneficiary(ies) on Workday, please ensure you print and sign the form sent to your Workday inbox, and forward to HR Administration in Human Resources. Once you have designated your beneficiary(ies), you can always change your designation(s) on Workday.

It is prudent to revisit your beneficiary designation following life events such as a breakdown of a marital relationship, a second marriage, the death of your spouse or beneficiary.

Contributions

Employee Required Contributions

For your convenience, member required contributions are deducted from your pay, which means your taxable income is reduced by the amount of your pension contributions. It's a tax savings for you!

Member required contribution rates are:

- 7.8% of base earnings up to the YMPE, plus
- 11.2% of base earnings exceeding the YMPE.

Base earnings is your basic earnings and does not include earnings for overtime, stipends, shift premiums, etc.

Pension contributions are calculated based on your pay schedule as follows:

Pay Frequency	Annual Pay	Pay / Pay Period	YMPE / Pay Period	Contribution / Pay Period
Bi-Weekly	\$40,000	\$1,538.46	\$2,634.62	\$120.00 = 1538.46 x .078
Bi-Weekly	\$70,000	\$2,692.31	\$2,634.62	\$211.96 = (2634.62 x .078)+((2692.31-2634.62) x .112)
Monthly	\$50,000	\$4,166.67	\$5,708.33	\$325.00 = 4166.67 x .078
Monthly	\$80,000	\$6,666.66	\$5,708.33	\$552.58 = (5708.33 x .078)+((6666.66-5708.33) x .112)

Employer Contributions

The University's contributions to the pension plan are determined by an actuary and are outlined in the actuarial valuation report that must be filed with the regulatory authorities every three years. The University's contributions exceed the members' aggregate contributions. The University also matches all contributions you make to the Canada Pension Plan.

Investment of the Pension Fund

Your required contributions, together with those of the University, are paid into a pension trust fund. The services of professional money management firms are used to invest the funds.

The Pension and Benefits Committee has the responsibility for setting investment objectives for the pension fund, retaining appropriate investment managers, as well as monitoring the performance of these money managers.

Each year our consulting actuary analyzes both present and future pension commitments that exist in our pension plan and reports on the adequacy of the pension trust fund. The solvency of the pension fund is governed by requirements of the *Pension Benefits Act* (Ontario).

Pension Formula

The formula to calculate your pension is based on the following:

Final Average Earnings (FAE)

The average of your annualized base earnings during the 60 continuous months of highest annualized earnings during your last 10 years of employment at the University.

Credited Service (CS)

The number of complete months of continuous employment with the University during which you have made required contributions to the pension plan. Credited Service does not include any period during which you did not make contributions.

Average Year's Maximum Pensionable Earnings (Average YMPE)

The 5-year average of the Year's Maximum Pensionable Earnings, which is the maximum earnings on which contributions to Canada Pension Plan can be made each year. The Year's Maximum Pensionable Earnings, or YMPE, changes each year. The Average YMPE is the average of the YMPE in the year of retirement and the YMPES in the four preceding years. For example, in 2024 the Average YMPE is \$64,060 calculated as follows: $(58,700 + 61,600 + 64,900 + 66,600 + 68,500) / 5 = \$64,060$.

Formula

The pension formula is:

$$\frac{1.4\% \times \text{Final Average Earnings (FAE) up to Average YMPE} + 2.0\% \times \text{Final Average Earnings (FAE) above Average YMPE}}{\text{Total x Credited Service}}$$

The examples that follow illustrate pension calculations for individuals at different earnings levels. Both examples assume the individuals retire in 2024 at age 65 with 25 years of credited service when the Average YMPE is \$64,060.

Example 1: FAE = \$45,000 Average YMPE = \$64,060 CS = 25 years

Step 1 - 1.4% of \$45,000	= \$630.00
Step 2 - 2.0% of \$0	= \$0.00
Step 3 - sum of Step 1 and Step 2	= \$630.00
Step 4 - multiply by 25 years CS	= \$15,750 per year

Example 2: FAE = \$80,000 Average YMPE = \$64,060 CS = 25 years

Step 1 - 1.4% of \$64,060	= \$896.84
Step 2 - 2.0% of (\$80,000 - \$64,060)	= \$318.80
Step 3 - sum of Step 1 and Step 2	= \$1,215.64
Step 4 - multiply by 25 years CS	= \$30,391 per year

The pension formula determines the monthly pension that is payable on the first of the month following your 65th birthday, which is referred to as your “normal retirement date”, and is paid for your life, with a 10-year guarantee, which is referred to as the “normal form”. If you die within the guarantee period, the monthly pension will continue to be paid to a spousal beneficiary to the end of the guarantee period and then stop. If your designated beneficiary(ies) is not your spouse and you die within the guarantee period, the actuarial value of the pension payments remaining in the guarantee period is paid in a lump sum to your elected beneficiary(ies).

You can retire and commence receiving your pension on a date other than your normal retirement date and you can elect to receive your pension in a different form as well. “Normal” doesn’t mean these are the choices normally made by plan members but refers to the pension provided by the pension formula.

Maximum Pension

The *Income Tax Act* establishes an upper limit to the pension that can be paid from a registered defined benefit pension plan. This limit means that in 2024 the pension plan cannot pay an annual pension of more than \$3,610 per year of credited service. In the above example, the maximum pension would be \$3,610 x 25 or \$90,250 per year.

The *Income Tax Act* limit goes up each year by the average industrial wage increase, subject to a cap that is imposed by our plan; the cap increases each year by 1/3 of the average industrial wage increase.

Retirement

Normal Retirement Date

All pension plans must define a normal retirement date. Under the UW pension plan, the normal retirement date is the first of the month coinciding with or following your 65th birthday. The Pension Administration Team will contact you approximately 2 months prior to age 65 to provide some general information, however, you are not required to retire at age 65. In fact, retirement is possible as early as age 55, or can be postponed indefinitely.

If you continue working past 65 you must continue making contributions to the pension plan. However, the *Income Tax Act* requires that your pension must start to be paid to you no later than December 1st of the year you turn 71, even if you continue to work. If you work past December 1st of the year you turn 71, you will receive your UW pension in addition to your salary. Both incomes are taxable.

Early Retirement

You may elect early retirement at or after age 55, but your pension will be reduced by ½% per month for each month your early retirement date precedes age 62. If you retire between 62 and 65, no early retirement adjustment is applied.

Example:

An employee retires early at age 60 with 20 years of credited service and final average earnings (FAE) of \$70,100. In 2023, the Average YMPE is \$64,060. The annual pension accrued to early retirement date based on the pension formula is:

Step 1	1.4% of \$64,060 = \$896.84
Step 2	+ 2% of (\$70,100 - 64,060) = \$120.80
Step 3	TOTAL = \$1,017.64
Step 4	x 20 years = \$20,352.80 per annum

Since the member is retiring at age 60, 2 years or 24 months before age 62, the early retirement adjustment factor is:

$$1 - (\frac{1}{2}\% \times 24) = 88\%.$$

The annual pension that is payable as of the member's early retirement date (age 60) as a single life pension guaranteed 10 years is:

$$88\% \times 20,352.80 = \$17,910.46 \text{ per year or } \$1,492.54 \text{ per month.}$$

Alternatively, the member in this example could decide to defer receiving the monthly pension until age 62. In this case the pension would not be reduced since payment is not commencing until age 62; however, the member would not be eligible for post-retirement benefits.

Optional Forms of Pension at Retirement

As previously mentioned, the pension produced by the pension formula is a single life pension guaranteed 10 years (i.e. 120 payments). This form provides a pension payable to you as long as you live, but should you die before receiving 120 monthly payments in total, the balance of the 120 payments will be paid out as describe at the top of page 7.

Under the optional forms of pension, the amount of pension that will be paid to you will be different for each, as each option has its own benefit/risk which is valued accordingly. The total value (or cost) of the formula pension is used to determine the amount of pension payable under the optional forms and is calculated on an actuarial equivalent basis in accordance with pension legislation. This means the amount of pension on an optional form will be different from the amount of single life pension guaranteed 10 years.

Single Life Pension, Guaranteed 5 Years, 15 Years or No Guarantee

Instead of the form of pension produced by the pension formula, you can elect a single life pension with a guarantee period of 5 years or 15 years, which will respectively increase or decrease the amount of your pension compared to the single life pension guaranteed 10 years.

You can also elect a single life pension with no guarantee period. Under this form of pension, no payments will be made after your death. The pension amount is larger than the formula pension because there is no guarantee period.

Joint and Survivor Pension

If you have a spouse when you retire, pension legislation requires that unless you and your spouse sign a waiver, the form of pension you elect must provide a pension to your surviving spouse on your death, equal to no less than 60% of the pension you were receiving. The amount of pension payable to you under a joint and survivor pension will be lower than the formula pension because a pension will be paid for your lifetime, as well as your spouse's lifetime.

There are two main choices under the joint and survivor form of pension:

- a. ***Reducing on Member's Death*** – The pension will be paid to you as long as you live. When you die, a reduced pension will be paid to your spouse for your spouse's lifetime. At retirement you choose if the survivor pension will be equal to 50%, 60%, 75% or 100% of the pension that you were receiving immediately prior to your death.

If your spouse predeceases you, the pension being paid to you will continue, without reduction, until your death and then it will stop.

- b. ***Reducing to 60% on Member's Death OR Spouse's Death*** – The full pension will be paid to you while both you and your spouse are alive. Upon the death of either you or your spouse, the monthly pension will reduce to 60% and will be paid to the survivor (you or your spouse) for the survivor's lifetime.

Under the joint and survivor options, the surviving spousal pension is only payable to the person who was your spouse when you retired.

Once pension payments have commenced, you are not permitted to change the form of pension chosen.

Post-retirement Cost of Living Adjustment (COLA)

Pensions in pay will be adjusted on each May 1st following retirement based on the change in the Consumer Price Index (CPI) published by Statistics Canada. The adjustment will be equal to 75% of the ratio of the average of the monthly CPIs of the previous calendar year divided by the average of the monthly CPIs of the next preceding calendar year, limited to a maximum of 3.75%. When the calculation result exceeds the limit, the Pension & Benefits Committee will determine whether an adjustment in excess of the limit will be included in the COLA calculation, taking into consideration the fund's ability to afford the cost.

The first cost of living adjustment is pro-rated based on the number of months your retirement date preceded May 1st. If you retire on February 1st, March 1st or April 1st and your pension has been restricted by the maximum pension limit (see above section on maximum pension), your first COLA adjustment won't be paid until the following May 1st, in accordance with the *Income Tax Act*.

Example:

A member who joined the pension plan January 1, 2014² is retiring on December 1, 2023, their normal retirement date, with a monthly pension of \$3,000.

If the CPI ratio is 2%, 75% of the CPI ratio is equal to 1.5% (i.e. 75% of 2.0%). Since the member retired December 1, 2023 and was in receipt of their pension for 5 months leading up to May 1, 2024, the first COLA adjustment will be pro-rated; it would be 5/12th of 1.5%, or 0.625%. The new pension amount effective May 1, 2024 would be \$3,018.75 (3,000 x 1.00625).

Your UW Pension impact on your RRSP Room

While you are a member of the UW pension plan, a Pension Adjustment (PA) must be reported on your T4 slip each year. The PA is calculated in accordance with the Income Tax Act and is a deemed value of the pension you earned in a tax year. The PA reported reduces the amount of new RRSP contribution room for the following year, which is reported to you each spring on the Notice of Assessment sent to you by the Canada Revenue Agency following the filing of your personal tax return.

² 100% of the CPI ratio applies to pension that accrued prior to January 1, 2014, limited to a maximum of 5%.

Termination before 55

If your employment with the University of Waterloo terminates prior to age 55, you will have the deferred pension and locked-in transfer options outlined below. However, if your deferred pension is less than 4% of the Year's Maximum Pensionable Earnings (YMPE), or the value of your pension is less than 20% of the YMPE, you will be entitled to receive the value of your accrued pension paid to you in cash less withholding tax, or you can request the full amount be transferred to a Canadian Registered Retirement Savings Plan (RRSP) without being locked-in.

Deferred Pension

Leave your pension accrual in the plan to commence receiving a monthly pension when you turn 65. You can opt to begin the pension as early as age 55, in which case the pension will be reduced since you will receive it for a longer duration, compared to if you commenced receiving it at age 65.

If you start receiving your pension prior to age 65, the pension will be reduced by $\frac{1}{3}\%$ for each month of early commencement between the ages of 60 and 65 and by $\frac{1}{2}\%$ for each month of early commencement between the ages 55 and 60. For example, if you elect to start receiving your deferred pension at age 55, the reduction will be equal to $\frac{1}{3}\% \times 60$ months between 60 and 65 (20%) plus $\frac{1}{2}\% \times 60$ months between 55 and 60 (30%), for a total reduction of 50%.

Locked-in Transfer

A transfer of the value of your accrued pension to your new employer's Canadian Registered Pension Plan (RPP), a Canadian registered Locked-In Retirement Account (LIRA), or if you are 54, a Canadian registered Life Income Fund (LIF). You and the organization receiving the funds must sign a Locking-In Agreement to certify that the transferred funds will be administered in compliance with the requirements of Ontario's *Pension Benefits Act* and the *Income Tax Act (Canada)*.

Excess Required Contributions

Member required contributions are credited with interest annually using the five-year personal fixed-term chartered bank deposit rates.

When you retire or terminate from the University, we will determine if your required contributions, plus interest, exceed 50% of the value of your pension. If so, the excess will be paid to you in a lump sum subject to withholding tax.

Pension Benefits in the case of death, disability or marital breakdown

Death Prior to Retirement

If you die prior to retirement, your spouse is entitled to the value of the pension benefit accrued to your date of death.

Payment options for your spouse include a lump sum less withholding tax, transfer to a Registered Retirement Savings Plan (RRSP), or an immediate or deferred pension. If you do not have a spouse, or you and your spouse have signed a waiver form, a lump sum payment will be made to your beneficiary, or if you have not designated a beneficiary, to your estate.

After retirement (minimum guaranteed payout)

If you die after retirement, any death benefit will depend on the form of pension you chose at retirement. However, there is a minimum guaranteed payout that applies to every form of pension **except** the single life pension with no guarantee. The minimum payout is your own required contributions plus interest to your retirement date, less any excess contributions paid and the total pension payments that were paid.

Disability

While you are receiving benefits under the University of Waterloo Long Term Disability Plan, you will continue to accrue credited service under the pension plan, but you will not be required to make contributions. Your salary in effect when you commenced receiving disability benefits (pre-disability salary) could receive a cost-of-living adjustment (COLA) on May 1st each year based on the Pension and Benefits Committee deciding to award an appropriate adjustment to pre-disability salaries.

Should your disability continue to your normal retirement date (age 65), your long-term disability benefit will cease, and your pension will commence. The calculation of your pension will be based on the final average earnings of your COLA adjusted salary and your credited service, including the years and months when you were receiving total disability benefits.

Marital Breakdown

Pension is considered family property and pension legislation provides entitlement to a member's former spouse of no more than 50% of the benefit that accrued during the marital relationship. If you and your former spouse agree to split your pension and require payment be made from the UW pension plan while you are still an active member of the pension plan, you must request that the University determine the value of your pension for marital breakdown purposes. The University is required to pay your spouse's portion only if appropriate legal documents have been provided to the Pension Administration Team. For further information, please contact pensions@uwaterloo.ca or ext. 42785.

Vacation Exchange Program

If you retire before May 1, 2033 (May 1, 2030 for CUPE employees), you can exchange 5 vacation days per year, for 3 years (or 15 vacation days) in total, for a **one-time** 2% salary increase to be paid as of the effective date you enter into this exchange. You must commit to an irrevocable declared retirement date under this program, which is subject to the following criteria:

- you cannot work beyond the declared retirement date (you can choose to retire earlier),
- the latest declared retirement date permitted is
 - for staff and union employees - first of the month coincident with or following age 71
 - for faculty - first of the month following the end of the academic term you turn 71.

The exchange normally increases the amount of your pension since it is based on the average of your best consecutive 60 months of annualized earnings over the 10 years immediately preceding retirement.

When you are planning for retirement, if you are interested in this exchange, contact pensions@uwaterloo.ca for the projected impact on your pension.

Reduced Workload to Retirement

If you are a faculty or non-union staff member, you can apply to reduce your workload in the years prior to retirement without negatively impacting your pension.

To be eligible for this program you must be at least 45 years of age and have completed at least 10 years of uninterrupted regular full-time service. If approved, you can reduce your workload or full-time equivalent (i.e. full-time = 100% FTE) down to as low as 50% of that required for a full-time position (i.e. 50% FTE). Your salary will be adjusted proportionately to reflect reduction of work, however you will continue to contribute to the pension plan based on your 100% full-time salary and accrue full credited service, subject to an *Income Tax Act* (ITA) limit. *Once you reach the ITA limit, you can no longer contribute and accrue credited service based on 100% FTE, your contributions and service will be based on your reduced full-time equivalent.*

Under this arrangement, your extended health care, dental, and life insurance coverage will continue as if you were working full-time.

Reduced workload to retirement arrangements can be for a maximum of 17 years, or to your 71st birthday, whichever comes first. A retirement date that is mutually agreeable to you and your department head must be established as part of the arrangement.

If you would like additional information regarding Reduced Workload to Retirement, you can contact hrhelp@uwaterloo.ca.

NOTE: If you enter the Reduced Workload to Retirement program and the Vacation Exchange Program, your declared retirement under the two programs must be the same date.

Other Benefits at Retirement

Provided you meet the eligibility criteria, you and your spouse will have post-retirement benefit coverage. The current eligibility criteria requires that you have 10 or more years of continuous employment service with full or temporary benefit coverage (or combination of full and temporary benefit coverage) immediately prior to your UW pension payments commencing. Post-retirement benefit coverage includes:

Extended Health Care

The premium for extended health care is paid by the University in full if you are a regular full-time employee when you retire, or on a pro-rated basis for those who are regular part-time employees. The extended health care coverage is subject to Canadian residency and continuation of Provincial health coverage. Travel coverage for retirees is limited to 60 days out-of-Canada per trip. The University reserves the right to change the extended health care plan for retirees to keep it consistent with the plan provided to active employees.

Group Life Insurance

You will be provided reduced group life insurance coverage, with no premium cost to you. For those who retire in 2024, the amount of coverage is \$6,500. Additionally, you will have the option to convert your group life insurance coverage, in effect when you retire, to a maximum of \$200,000, to an individual policy with the insurance carrier.

More Information on retiree benefits can be found at [Retiree benefits | Human Resources \(uwaterloo.ca\)](https://uwaterloo.ca/human-resources/retiree-benefits) or by calling extension 45935.

Government Benefits

Canada Pension Plan

This is an earnings-related pension that is paid to people who have contributed to the Canada Pension Plan (CPP). It is designed to replace about 25% of your employment income, up to a maximum amount. The Canada Pension is adjusted annually based on increases in the Consumer Price Index. The CPP enhancement introduced in 2019 and 2024, once mature, is designed to increase the maximum CPP retirement pension by about 50%. It will also increase the survivor and disability pensions.

You become eligible for CPP at age 65. However, you may receive an adjusted Canada Pension as early as age 60 or as late as age 70.

Your Canada Pension will be reduced by 0.6% for each month that you receive your Canada Pension before age 65 (7.2% per year). This means that an individual who starts receiving their Canada Pension at the age of 60, will receive 36% less than if they had waited to commence receiving it at 65.

If you commence receiving your Canada Pension after age 65, your monthly payment amount will increase by 0.7% for each month that you delay receiving it up to age 70 (8.4% per year). This means that an individual who starts receiving their Canada Pension at the age of 70, will receive 42% more than if they had taken it at 65.

If you are working and receiving a Canada Pension and are not yet age 65, you will still be required to make CPP contributions. If you are over age 65, you may elect to not make CPP contributions by completing CRA form CPT30. In either case, for each year that you make CPP contributions while receiving a Canada Pension, the following January 1st you will receive an additional post-retirement benefit payable for your lifetime in addition to your Canada Pension.

The CPP has other features such as disability pensions, death benefits, surviving spouse benefits and pension splitting. More detailed information can be found at [Canada Pension Plan - Overview - Canada.ca](#).

Canada Pension payments can be sent anywhere in the world subject to postal delivery. In some cases, payments can be made in the currency of the foreign country where you are living after retiring. Contact Service Canada for additional information.

Old Age Security Pension

This is a flat-rate pension based on Canadian residency criteria with quarterly adjustments based on increases in the Consumer Price Index. Old Age Security (OAS) is payable at age 65 or can be deferred until age 70, in which case your monthly pension will be increase by 0.6% for each month you delay receiving it, to a maximum increase of 36% at age 70. OAS is not payable prior to age 65.

OAS payments are subject to a claw back at higher income levels.

OAS pension payments can be sent outside of Canada, provided you:

- a. Lived in Canada for at least 20 years after reaching 18 years of age, or
- b. Lived and worked in a country that has a social security agreement with Canada and you meet the 20-year residence requirement under the provisions of that agreement.

If you do not meet one of these criteria, payment will only be made for the month of departure from Canada and six additional months, after which payment is suspended. The OAS benefit will be reinstated if you return to live in Canada and meet all conditions of eligibility. Upon your return, every additional year you live in Canada will be counted for reaching the 20 years of residence needed to receive your OAS pension outside of Canada on a continuing basis. You must call and inform Service Canada if you plan to be absent from Canada for more than six months.

Details on both CPP and OAS can be obtained from Service Canada by calling 1-800-277-9914. For more information, please visit [Old Age Security - Canada.ca](http://OldAgeSecurity-Canada.ca)

About this Information

While every effort has been made to give accurate information, the foregoing does not intend to fully describe the pension and benefits plans. The official texts, policies and documents govern in all cases, and where there is a conflict between those texts, policies and documents and this summary, the former shall govern. A copy of the current UW Pension Plan text is online at [10769 - university of waterloo plan text - office consolidation april 2014 2.pdf \(uwaterloo.ca\)](http://10769-university-of-waterloo-plan-text-office-consolidation-april-2014-2.pdf(uwaterloo.ca)).

Further questions can be directed to the pension team in the Human Resources department at pensions@uwaterloo.ca.

A website describing the University's pension plan can be found at <https://uwaterloo.ca/human-resources/pension>.